



*Private & Confidential*  
(Not for circulation)

**INDIAN OVERSEAS BANK**  
(A Government of India Undertaking)  
Constituted under the Banking Companies  
(Acquisition & Transfer of Undertakings) Act, 1970

Registered Office : 762, Anna Salai, Chennai – 600 002  
Tel No: +44 851 9438 Fax No: +44 8523372 Web Site: www.iob.com

**MEMORANDUM OF PRIVATE PLACEMENT**

For

**UNSECURED, REDEEMABLE, NON CONVERTIBLE SUBORDINATED  
BONDS, SERIES IV IN THE NATURE OF PROMISSORY NOTES  
AGGREGATING RS. 175 CRORE.**

**ARRANGERS TO THE ISSUE**

**Standard Chartered Bank | A.K.Capital Services LTD | Centrum Finance Limited**



Standard Chartered Bank  
90, Mahatma Gandhi Road, Fort  
Tel: (022) 2694676 / 2652872  
Mumbai – 400 001  
Fax: (022) 2677770  
Fax No.:(011)3385189

AK CAPITAL SERVICES LTD.  
Flat No.N, Sagar Apartments  
6, Tilak Marg  
New Delhi  
Tel: (011)3385704/3387314  
Fax.:(022)2046096

Centrum Finance Limited  
Eucharistic Congress Bldg. III,  
10<sup>th</sup> floor, 5, convent Street  
Colaba, Mumbai  
Ph:(022)2023838

OPENING DATE : 22<sup>nd</sup> October, 2002  
LAST DATE FOR RECEIVING  
APPLICATIONS ALONG WITH  
CHEQUE(S)/DEMAND DRAFT(S) : 29<sup>th</sup> October ,2002  
DEEMED DATE OF ALLOTMEN : 31<sup>st</sup> October, 2002

---

## **DISCLAIMER**

This Memorandum of Private Placement / Information Memorandum is neither a Prospectus nor a statement in lieu of Prospectus. It does not constitute an offer or an invitation to subscribe to the bonds issued by Indian Overseas Bank ("IOB"). Apart from this information Memorandum, no offer document or prospectus has been prepared in connection with the offering of this Bond Issue or in relation to the Issuer nor is such a prospectus required to be registered under the applicable laws. Accordingly, this Memorandum has neither been delivered for registration nor is it intended to be registered.

This Information Memorandum is not intended to form the basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to these Bonds issued by IOB. This information Memorandum has been prepared to give general information regarding IOB to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. IOB believes that the information contained in this Information Memorandum is accurate in all respects as of the date hereof. The Arrangers have relied upon the information supplied by IOB. The Arrangers neither have verified independently, nor assume responsibility for the accuracy and completeness of this Information Memorandum, or any other information or documents supplied or approved by IOB. The Arrangers hold no responsibility for any misstatement in or omission from the issuer in publicly available information or any other information about the Issuer available in the market. IOB and the Arrangers do not undertake to update this information. Memorandum to reflect subsequent events and thus it should not be relied upon without first confirming its accuracy with IOB.

Potential investors are required to make their own independent evaluation and judgement before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in the Bonds. It is the responsibility of potential investors to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. Potential investors should not rely solely on information given by the Arrangers nor would providing of such information by the Arrangers be construed as advice or recommendation by the Arrangers to subscribe to and purchase the Bonds. The potential investors acknowledge that the Arrangers do not owe the investors any duty care in respect of this offer to subscribe for and purchase of the Bonds. It is the responsibility of potential investors to also ensure that they will sell these Bonds in strict accordance with this Information Memorandum and other applicable laws. Potential investors should also consult their own tax advisors on the tax implications of the acquisitions, ownership, sale and redemption of Bonds and income arising thereon.

This Information Memorandum is not intended for distribution and it is meant solely for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on a private placement basis and this offer does not constitute nor should it be considered a public offer/invitation.

This Information Memorandum is issued by IOB and signed by its authorized signatory.

**Date: 21<sup>st</sup> October 2002**

**V.RAJAGOPALAN  
GENERAL MANAGER**

### **Force Majeure**

IOB reserves the right to withdraw the issue prior to the earliest date of closing in the event of any unforeseen development adversely affecting the economic and regulatory environment. In such an event, the issuer will refund the application money, if any, along with the interest payable on such application money, if any.

---

## PART 1

---

PRIVATE PLACEMENT OF 7.45% UNSECURED, REDEEMABLE, NON CONVERTIBLE, SUBORDINATED BONDS SERIES IV IN THE NATURE OF PROMISSORY NOTES, AGGREGATING Rs. 175 CRORE

---

### ISSUE DETAILS

Face Value	Rs.5, 00,000(Rupees Five lacs) per bond
Coupon Rate	7.45% p.a. payable Annually
Minimum Subscription	2 bonds (Face value of Rs.5,00,000 each) and in multiples of 1 bond thereafter
Tenor	78 months from the deemed date of allotment (ie. 30 April 2009)
Credit Rating	AA by CRISIL (indicating HIGH SAFETY with regard to timely payment of Interest and Principal)
Redemption	At par
Interest on Application Money	7.45% p.a. from the date of realization of cheque(s) / draft(s), up to the deemed date of allotment

### ISSUE PROGRAMME

Opening Date	22 <sup>nd</sup> October 2002
Last Date of receiving applications along with cheque(s) / DemandDraft(s)	29 <sup>th</sup> October 2002
Deemed Date of Allotment	31 <sup>st</sup> October 2002

The Bank in consultation with the Arrangers reserves the right to change the last date for receiving applications from investors. Investors will be intimated the revised time table, if any, by the Arrangers. The Bank also reserves the right to pre close the issue in the event of mobilizing the targeted amount before the closing date.

## **PART II**

---

This is a confidential Information Memorandum (hereinafter referred to as “the Memorandum”) setting out the terms and conditions relating to the issue of unsecured, redeemable, non-convertible subordinated bonds (hereinafter referred to as “the Bonds”) proposed to be issued by Indian Overseas Bank (hereinafter referred to as “IOB” or “the Bank”).

This Bonds issue is being made strictly on a private placement basis. It is not, and should not be deemed to constitute an offer to the public in general. It cannot be accepted by any person other than to whom it has been offered.

---

### **HIGHLIGHTS**

---

- Professionally managed Bank with a track record of Profitability over the last 7 years
  - Capital Adequacy Ratio – 10.82% as on 31.3.2002.
  - 88.65% of advances constitute Standard Asses as no 31.3.2002.
  - Well-diversified loan portfolio spread over several industries.
  - 93.60% of the Investments marked to market as on 31.3.2002 as against 75% required by RBI for the year ending March 2001.
  - Technology driven Bank with in-house software development.
  - Obtained ISO 9001 certification for Computer Policy & Planning Department.
  - One among the first six banks granted autonomous status in 1997.
  - Collection Management – Speedy Transfer & Realisation Services (STARS) system in place.
  - Pioneer in Bullion Trade.
  - Network of 1441 branches and 242 Extension counters all over India with overseas banking presence in Singapore, Hong Kong, Seoul and Sri Lanka as on 31.3.2002.
- 

### **PRESENT ISSUE**

IOB proposes to raise Rs.175 Crore, through the issue of 3500 Bonds with a face value of Rs.5,00,000/- each through private placement.

### **AUTHORITY FOR THE ISSUE**

The present issue of Bonds is being made pursuant to the Resolution passed by the Board of Directors of the Bank at their meeting held on 16.9.2002. The Bank has obtained necessary approval from Ministry of Finance, Government of India vide their letter No.11/40/2000-BOA dated 23<sup>rd</sup> September, 2002.

## **OBJECT OF THE ISSUE**

The funds are being raised for augmenting the Tier II Capital for improving the Capital Adequacy Ratio and for enhancing the long-term resources of the Bank. The Bank has achieved a strong growth in its asset base over the past few years and expects a higher trend growth in future. In order to maintain the growth in its assets as also to meet the resultant Capital. Adequacy requirement, the Bank wishes to strengthen its capital base through the current issue of bonds. The bonds would be eligible for inclusion to the Bank's Tier II capital, subject to progressive discount every year during the tenure of the bond as per the prescribed capital adequacy guidelines of Reserve Bank of India.

EARLIER IN 1998-99, 2000-01 and 2001-02, THE BANK HAD SUCCESSFULLY COMPLETED ITS FIRST, SECOND AND THIRD TRANCHES OF PRIVATE PLACEMENT OF UNSECURED, REDEEMABLE SUBORDINATED BONDS AGGREGATING RS.150 CRORES, RS.125 CRORES AND RS.150 CRORES RESPECTIVELY.

## **NATURE OF BONDS**

The Bonds are being issued in the nature of Promissory Notes transferable by endorsement and delivery. These Bonds are Unsecured, Redeemable, Non-Convertible, and Subordinated and carry a fixed rate of interest.

## **RATING OF BONDS**

The proposed issue of Bonds has been rated as 'AA' by CRISIL (indicating High Safety with regard to timely payment of interest and principal)

## **STATUS OF BONDS**

The Bonds will constitute direct and unsecured obligation on the Bank, subordinated to the claims of all other creditors and also depositors of the Bank as regards payment of interest and repayment of principal by the Bank from out of its own funds.

## **APPLICATION MONEY**

The investors shall confirm their offer to subscribe to the Bonds of the bank as per the terms set out in this document, by filling in and sending to the Arrangers, the enclosed Application Form. The payment to be made by the Investor shall be by crossed Account Payee Cheque / Demand Draft at par favouring the Bank, payable at a place where the Bank's branches as indicated in the Application, are situated along with the Application Form. The Bank, at all its branches, will issue, DEMAND DRAFTS, AT PAR to the subscribers of the issue. The entire amount of Rs.5 Lac(Rupees Five Lac only) per bond is payable on application.

## **BASIS OF ALLOTMENT**

Acceptance of the offer to invest and the allotment shall be decided by the Bank. The Bank reserves the right to reject in full or part any or all of the offers received by them to invest in the bonds without assigning any reason for such rejection. In such a case, the Bank will refund the application amount at the place from where the cheque / draft in respect of application money is cleared. Acceptance of the offer shall be subject to completion of subscription formalities as detailed in the Application Form. In case the closing date is extended, the deemed date of allotment shall be a date within one month from such extended closing date of the issue as may be decided by the Bank in consultation with the Arrangers.

### **RIGHT TO ACCEPT/REJECT APPLICATION(S)**

The Bank reserves the right at its sole and absolute discretion, to accept or reject any application, in part or in full, without assigning any reason. The application forms, which are not complete in all respects, are liable to be rejected. The rejected applicants will be intimated along with the refund warrant, to be sent within 7 days from the deemed date of allotment.

### **DEMATERIALISATION OF BONDS**

The Bank has depository arrangements with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for the issue of bonds in dematerialized form. The investors will have the option to hold the bonds in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996/rules notified by NSDL/CDSL from time to time.

Applicant desirous of receiving bonds in dematerialized form should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.

### **LETTER(S) OF ALLOTMENT/REFUND ORDER(S)/ BOND CERTIFICATE(S)**

#### **1. For Bonds allotted in Physical form**

In case of Bonds allotted in physical form, the Bank will issue and dispatch Letter(s) of Allotment evidencing the title of the Bonds in favor of allottee(s) within 10 days of the Deemed Date of Allotment.

#### **2. For Bonds allotted in Dematerialized form**

In case of Bonds allotted in electronic (dematerialized) form, the Depository Account of the investor(s) with NSDL/CDSL/Depository Participant will be credited within 10 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a bond Certificate.

## **ISSUE OF BOND CERTIFICATES**

### **1. In Physical Form**

Subject to the completion of all legal formalities, the Bond Certificate(s) shall be issued by the Bank against surrender of duly discharged Letter(s) of Allotment, within 3 months from the Deemed Date of Allotment or such extended period as may be approved by the appropriate authority(ies).

### **2. In Dematerialized Form**

Subject to the completion of all legal formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the appropriate authority(ies), the initial credit akin to a Letter of Allotment in the Demat Account of the investor would be replaced with the number of Bonds allotted.

## **DENOMINATION OF BOND CERTIFICATES**

The minimum denomination of bond certificate(s) will be Rs.5,00,000 (Rupees Five lacs only) or for higher denomination or for a consolidated amount as desired by the applicant and as specified in the application form. However, if investors fail to specify denomination, a consolidated certificate will be issued.

## **INTEREST ON APPLICATION MONEY**

Interest at the coupon rate as applicable (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) will be paid on application money to the applicants from the date of realization of the cheques/ drafts up to (but excluding) the deemed date of allotment. Such interest would be paid on all the valid applications, including the refunds.

Where the entire subscription amount has been refunded, the interest on application money will be paid along with the refund orders. Where the applicant is allotted a lesser number of bonds than applied for, the excess amount paid on application will be refunded to the applicant and the interest on refunded money will be dispatched by Registered Post along with the letter of allotment. In all cases, the interest instruments will be sent at the sole risk of the applicant, to the sole/first applicant.

### **SPLITTING AND CONSOLIDATION**

The request from registered Bond holder(s) for splitting / consolidation of the Bond(s) certificates held by the said Bond holder will be entertained by the Bank only if the bond(s) certificate(s) is/are enclosed along with the a letter of request subject to payment of necessary service charges as may be levied by the Bank. However, splitting of the Bonds lower than the face value of the Bond would not be carried out by the Bank.

### **INTEREST PAYMENT**

The Bonds shall carry interest @ 7.45% p.a. from the Deemed Date of Allotment (subject to deduction of tax at source at the rates prevailing from time to time under Income Tax Act, 1961, or any statutory modification or re-enactment thereof for which a certificate shall be issued by the Bank payable annually on 30<sup>th</sup> April each year, the first of such payment being for a broken period of six months, throughout the tenure of the instrument. Payment will be made by means of interest warrants payable at par at notified branches of the Bank, which will be dispatched to bond holders by registered post. If any interest payment date falls on a day which is not a business day at Chennai ("Business Day" being a day on which commercial banks are open to business), then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period.

### **NOTE**

Payment of interest will be made to the original allottee(s)/registered holder(s) of the Bond(s). If the Bond has been transferred by an appropriate endorsement and delivery, the transferor(s), jointly with the transferee(s) shall notify the Bank or the Transfer Agents appointed by the Bank duly accompanied by a mandate for payment of interest to the transferee(s), in the form duly executed by the transferors (in accordance with the specimen signature(s) of the transferor(s) available in the records of the Bank) and the transferee(s) as may be prescribed by the Bank for the purpose (the "notification and mandate") at least 10 days before the respective due dates for payment of interest. In the event the Bank has not received the notification and mandate at least 10 days before the respective due dates, the interest shall be paid to the transferor(s) and not to the transferee(s). In such cases, claims in respect of interest if any shall be inter se amongst the parties and not against the Bank.

Wherever the signature(s) of the transferor(s) in the notification and mandate is/are not in accordance with the specimen signature(s) of such transferor(s) available on records of the Bank, all payments of remaining interest on such bond(s) will be kept in abeyance by the bank till such time as the Bank is satisfied in this regard.

Since the Bonds are in the nature of Promissory Notes, transferable by endorsement and delivery, requirement of specimen signature(s) in the notification and mandate will be by way of voluntary investor protection service only and the Bank will not in any way by virtue thereof assume and hereby expressly disclaims all responsibilities for verification of specimen signature(s), nor shall the Bank be in any way liable or responsible legally or otherwise, for non-payment or erroneous payment of interest pursuant to any notification and/or mandate.

## **REDEMPTION**

The face value of the Bond will be redeemed at par at the expiry of 78 months from the deemed date of allotment. The Bond will not carry any obligation, for interest or otherwise, after the date of redemption. No put/call option is available on the bonds. However, the consent of Reserve Bank of India will be taken before redemption of bonds on due date as required in terms of their guidelines addressed to all commercial banks vide their communication DBOD.BP.BC.5/21.01.2002/98-99 dated 8.2.1999.

## **PAYMENT ON REDEMPTION**

Payment on redemption of the Bonds will be made only to the Bond holder(s) whose name(s) appear in the Register of Bond holders, on the surrender of the bond certificate(s) and discharge by the bond holder(s) whose name(s) appear(s) as Registered bond holder(s) on the records of the Bank on the date of redemption. In the case of joint holders, payment will be made to the first named person in the Bond. All interests on the bond(s) will cease from the due date of redemption in all events.

In the event of the Bank not receiving any notice of transfer along with the original bond certificate(s) at least 30 days before the respective date of redemption, the transferee(s) for the bonds shall not have any claim against the Bank in respect of the amount so paid to the registered bond holder(s).

The Bonds held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by the Bank on maturity to the list of Beneficial Owners as provided by NSDL/CDSL. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders. On such payment being made, the Bank will inform NSDL/CDSL and accordingly the account of the Bondholder with NSDL/CDSL will be adjusted.

## **RIGHTS OF BONDHOLDERS**

The bondholders will not be entitled to any other rights and privileges of shareholders other than those available to them under statutory provisions. The Bonds shall not confer upon the Bondholders the right to receive notice, or to attend and vote at the general meetings of the Bank. The principal amount and interest, if any, on the Bond

will be paid to the holders only, or in the case of joint holders, to the person whose name stands first in the Register of Bond holders maintained by the Bank. The Bonds will be subject to other usual terms and conditions, incorporated in the Bond Certificate(s) that will be issued to the allottee(s) of such Bonds by the Bank.

### **MODIFICATION OF RIGHTS**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the written consent of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds, or with the sanction accorded pursuant to a special resolution passed a meeting of the bondholders provided that nothing in such consent or resolution shall be operative against the Bank, where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Bank.

### **ISSUE OF DUPLICATE BOND CERTIFICATE (S)**

If any Bond certificate(s) is/are mutilated or defaced or the cages for recording transfers by endorsement and delivery have been fully utilized, the same may be replaced by the Bank against surrender of such certificate(s) upon payment by the claimant of such costs as may be determined by the Bank. Provided the bond certificate is mutilated or defaced, the same will be replaced as aforesaid only if the certificate and distinctive numbers are legible. In the event of a destroyed, stolen or lost certificate, a duplicate thereof will be issued after the Bank is satisfied about the genuineness of the matter and may demand such evidence and indemnity as is deemed necessary.

### **FUTURE BORROWINGS**

The Bank will be entitled to borrow /raise /avail finance in whatever from as also issue debentures/bonds/other securities in any manner having such ranking in priority, pari passu or otherwise and change the capital structure, including issue of shares of any class, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to the bondholder(s) in this connection.

### **TRANSFER / TRANSMISSION OF BONDS**

The bonds being negotiable instruments are transferable by endorsement and delivery by the transferor(s) provided that in case of transfer to more than one transferee, the total number of transferees shall not exceed three (3). The endorsement by the transferor(s) shall be made on the Bond by affixing their signatures at the place indicated thereon. Such endorsement, in the case of joint holding by more than one person shall be made by all holders. The transferee(s) shall also affix their signatures on the Bond. Without undertaking any obligation for verification of signature(s), in the own interest of the Bond holder(s), it is suggested that specimen signature(s) of the transferor(s) and the transferee(s) is / are submitted to the Bank. At present, no stamp duty is payable on the transfer of the Bonds.

The transferee(s) should deliver the bond certificates, complete in all respects, to the Bank for registration of transfer at least 10 days prior to the due date for payment of interest. The Bank, on being satisfied, will register the transfer of such Bonds and incorporate the necessary changes in its Register of Bondholders for registration of transfer of the Bonds.

In the event of delay in the lodgement of transfer by the transferee(s), interest payment due, if any, shall be made to the holder whose name appears in the Register of Bondholders. In such cases, claims for interest by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

Bonds held in Electronic (Dematerialised) form shall be transferred subject to and in accordance with the rules/procedures as prescribed by the (NSDL)/CDSL / Depository Participant of the transferor/transferee and any other applicable laws and rules notified in respect thereof.

## **SUCCESSION**

In the event of demise of sole/first holder of the Bonds, or the last survivor in case of joint holders for the time being, the Bank will recognize the executor or administrator of the deceased Bond holder, or the holder of succession certificate or other legal representative as having title to the Bonds. The Bank shall not be bound to recognize such executor, administrator or Holder of the succession certificate, unless such executor or administrator obtains probate or letter of administration or such holder obtains succession certificate or other legal representation, as the case may be, from a court in India having jurisdiction over the matter. The Bank may in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bonds standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

## **ELIGIBILITY**

Investors in the following categories, who are established / resident in India and who have been addressed through this communication directly, only are eligible to apply:

1. Provident Funds, Superannuation Funds, Gratuity Funds
2. Commercial Banks, Financial Institutions, Insurance Companies
3. State/Central Co-operative Banks, Development Co-operative Banks, Land Development Banks, Regional Rural Banks and Primary Co-operative Banks
4. Mutual Funds
5. Trusts and Association of Persons which are authorized to invest in bonds
6. Bodies corporate, Companies and Societies authorized to invest in bonds

7. Scientific and/or Industrial Research Organisation, authorized to invest in bonds
8. Other Government/Non Government agencies/Boards/Institutions etc.

### **APPLICATION BY PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS**

The Government of India has, vide its notification No.F.11(3-PD/98) dated March 31,1999 permitted Provident, Superannuation and Gratuity Funds to invest up to 40% of their incremental accretions in bonds/Securities of “Public Sector Companies” as defined under Section 2 (36-A) of the Income Tax Act, 1961. Also additional amount of 20% of the incremental accretions, which was previously required to be invested in the Special Deposit Scheme of the RBI, can be invested at the discretion of the Board of Trustees in any of the remaining three prescribed categories of Investments. The Bank is a “Public Sector Company” within the meaning of the said section, and hence Provident Funds, Superannuation Funds and Gratuity Funds can invest in the Bonds.

### **APPLICATIONS BY COMMERCIAL BANKS**

Investment by commercial banks in subordinated debt issues of other banks would attract 100% risk weights for the investing bank. The applications must be in conformity with extant RBI guidelines.

### **APPLICATIONS BY REGIONAL RURAL BANKS (RRBs)**

Reserve Bank of India vide circular No.RPCD.NB.BC.98/03.05.34/94/95 dated January 2,1995 and amended vide Circular No.RPCD.RRB.BC.882/03.05.34/96-97 dated December 13,1996 has permitted RRBs to invest their surplus non-SLR funds in the Bonds of Public Sector Undertakings. However the investments are subject to the prudential and single exposure norms of RBI.

### **APPLICATIONS BY PRIMARY/ DISTRICT/ STATE CENTRAL CO-OPERATIVE BANKS**

Any state Co-operative Bank (SCB) / District Co-operative Bank (DCCB) / Primary Co-operative Bank (PCB)in any state would be eligible to invest in these bonds with necessary approval. Reserve Bank of India vide notification No.BR.CIR.72/16.20.00/93-94 dated 16<sup>th</sup> May,1994 have clarified that the primary co-operative banks can invest their surplus funds up to 10% of their deposits in Bonds of Public Sector Undertakings, provided inter-alia that a provision exists for such investments in the respective state co-operative Societies Act / Multi State Co-operative Societies Act and these Banks should take permission from the Registrar of Co-operative Societies of the State, for such investments.

Further, Reserve Bank of India vide notification No.BR12/16.20.00/95-96 dated January 6,1996 has requested the Registrar of Co-operative Societies of all States to grant general permission to the primary co-operative banks for such investments,

subject to their complying with other conditions and safety measure laid down by Reserve Bank of India from time to time.

As per RBI circular No.PPF.ROC.9/07.02.03/98-99 dated June 23, 1999, Central/State Co-operative Banks can invest in PSU bonds an amount not exceeding 10% of their deposits and 5% of their aggregate on SLR surplus funds after obtaining requisite permission.

### **APPLICATION BY TRUSTS**

Trusts, whose Trust Deeds provide for investment in Bonds may apply to this issue of bonds, subject to the approval of the Charity Commissioner or other appropriate authority as the case may be.

### **APPLICATION UNDER POWER OF ATTORNEY**

In case of applications under Power of Attorney by limited companies or other bodies corporate or commercial banks or regional rural banks/primary/district/central co-operative banks or individuals, a certified copy of Power of Attorney with a copy of the relevant authority /resolution (other than individuals) must be deposited along with the Application Form.

### **TAX DEDUCTION AT SOURCE**

The Bank will deduct tax at source, under the relevant provisions of the tax law as applicable from time to time. Those desirous of claiming exemption from deduction of Income Tax at Source on the interest on the bonds are required to submit a certificate issued by the Income Tax Officer on form 15 AA, under Income Tax Rules, 1962, in duplicate along with the Application form. Also a similar declaration of Form 15 H is required for claiming exemption from deduction of Income tax at source on the interest on application money.

### **HOW TO APPLY**

Applications for the bonds must be in the prescribed forms (enclosed) and completed as per the instructions contained therein.

Applications complete in all respects must be submitted before the last date indicated in the issue programme or such extended time as decided by the Bank, at specified branches of IOB or at the offices of the Arranger as listed elsewhere, accompanied by the subscription amount by way of cheque(s) / draft(s) drawn on any bank including a co-operative bank which is situated at and is a member of the bankers' clearing house located at a place where the application form is submitted. Outstation cheque(s) / bank draft(s) drawn on bank(s) not participating in the clearing process will not be accepted. Money Orders / postal orders will also not be accepted. The Bank assumes no responsibility for any applications / cheques / demand drafts lost in transit.

All cheques/drafts should be in favour of "Indian Overseas Bank A/C IOB Bonds – Series IV" and crossed A/C Payee only.

Wherever applicable, the applications must be accompanied by certified true copies of (i) Trust Deed/bye laws/Memorandum and Articles of Association as the case may be (ii) Resolution authorising investment (iii) Power of Attorney (iv) Specimen Signature(s) (duly attested).

## **NOTICES**

The notice to the bondholder(s) required to be given by the Bank shall be deemed to have been given if sent by ordinary post to the original sole/first allottee(s)/registered bondholder(s) of the Bonds.

All notices to be given by the bondholder(s) shall be sent by registered post or by hand delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time.

## **GOVERNING LAW AND JURISDICTION**

The Bonds are governed by and shall be construed in accordance with the existing Indian Laws. Any dispute arising thereof will be subject to the jurisdiction of courts at the city of Chennai.

## **NOTE**

The issue will be closed on receipt of full subscription or on such other date as may be decided by the Issuer in consultation with the Arrangers.

## **PART III**

### **PROFILE OF THE BANK:**

#### **History and Progress**

Indian Overseas Bank (IOB) was founded on February 10, 1937, by Shri.M.Ct.M.Chidambaram Chettiar with the twin objectives of specialising in foreign exchange business and overseas banking. IOB was one of the 14 major banks that were nationalized in 1969. During the year 2000-01 the Bank had successfully launched its maiden Public Issue of Equity shares at par for Rs.111.20 crores.

#### **Branch Network**

IOB has been a pioneer in Foreign exchange business since inception through its operations in Burma (Myanmar), Ceylon (Sri Lanka), Malaya (Malayasia) and Singapore. IOB as at the end of financial year 2001-2002 had 1441 Domestic Branches and 6 Overseas Branches.

#### **Deposits and Advances**

Total Deposits of IOB has grown from Rs.27414 crores as on 31<sup>st</sup> March 2001 to Rs.31809 crores as on 31<sup>st</sup> March 2002. The Advances have grown from Rs.13096 Crores as on 31<sup>st</sup> March 2001 to Rs.15162 Crores as on 31<sup>st</sup> March 2002.

#### **Investments**

Treasury and Investment operations are profit centers and hence not confined only to management of Bank's statutory requirements. Further, domestic treasury operations, integrated with its Foreign Exchange operations is effectively yielding results since the last three years.

The total net investments of the Bank expanded from Rs.11771 Crores in March, 2001 to Rs.15069 Crores in March, 2002, recording a growth of 28.01%.

The Bank had already marked to market 93.60% of its investments by March 2002, though the Reserve Bank of India requires a level of 75% only. The Investments portfolio has been classified into three categories viz. Held for maturity, Available for sale and Held for trading with effect from September 30, 2000, in accordance with new valuation guidelines issued by Reserve Bank of India vide their circular DBOD No.BP.BC.32/21/04.048/2000-01 dated October 16,2000

#### **Capital Adequacy**

The Bank has been maintaining capital adequacy consistently beyond the required level prescribed by RBI from time to time. Capital Adequacy Ratio of the Bank as on March 31,2002 was 10.82%.

## **Non Performing Assets (NPAs)**

In the area of reduction of NPAs, the Bank has achieved a considerable measure of success. This is evident from the fact that the Ratio of Gross NPAs to Gross Advances has come down from 22.59% as on 31.3.1996 to 11.35% as on 31.3.2002. Similarly net NPAs to Net Advances has come down from 8.65% to 6.32% during the same period. Necessary provision has been made by the Bank on all its Non Performing Assets up to 31<sup>st</sup> March, 2002 as per RBI guidelines.

## **Foreign Exchange and International Banking**

The Bank is a very active player in the Indian Foreign Exchange Market. The Bank has recorded a forex turnover in merchant transactions of about Rs.15243.80 crores for the financial year 2002-02. It is considered as a major market participant from South India.

In its correspondent network, the Bank has almost all the leading international banks which enables the Bank to cater to any kind of requirements of its clients any where in the world. The Bank has drawing arrangements with leading private exchange houses and banks in the Middle East and has been handling their drawings for over two decades.

## **Precious Metals Trade**

IOB is the first bank to enter Precious Metals Trade. The Bank commenced Gold wholesale trade on 20<sup>th</sup> November, 1997 and commenced its retail trade during January 1998.

## **Government Business**

As on March 31, 2002, IOB had 386 branches collecting income and direct taxes. During the year 2002-02 IOB collected direct taxes to the tune of Rs.5999 Crores. IOB collected indirect taxes through 252 branches and the total amount of indirect taxes collected was Rs.3413 Crores.

## **Autonomy**

IOB is one of the Public Sector Banks who have got autonomy from Government of India in 1996. Autonomy was granted on satisfying the following norms:

- Continuous net profit for the last three years
- Net NPA below 9%
- Capital Adequacy above 8%
- Minimum owned funds of Rs.100 Crores

## **Computerisation**

As early as 1964, IOB made a beginning in computerization in areas of inter branch reconciliation and Provident Fund Accounts.

The Bank has set up a separate Computer Policy and Planning Department (CPPD) to develop software packages on its own and to impart training to staff members in this field. Besides developing software for routine banking operations, the Bank has developed a number of customer support products such as Any Branch Banking(ABB), Home Utility Bank Services (HUBS) and Speedy Transfer and Realisation Services (STARS). The Bank managed whole Y2K compliance in-house at a very nominal cost. The CPPD of the Bank has been awarded ISO 9001 certification.

IOB launched its own Web site during the month of February, 1997

The Institute for Development & Research in Banking Technology (IDRBT), set up under the aegis of Reserve Bank of India, conferred the Bank with the Best Award under Banking Technology. The award was given for the innovative use of banking applications on INFINET (Indian Financial Network) for the year 2001.

456 branches have been totally computerized and 648 branches have been partially computerised as on March 31,2001. This accounts for 76.60% of the branches of IOB covering around 75.2% of total volume of business. 50 Automatic Teller Machines (ATM) have been installed for 24 hour Banking. The Bank has plans to install more ATMs in future.

Any Branch Banking (ABB) is in vogue in 213 branches in 18 centres all over the country. All the Regional Offices of the Bank have been connected by VSAT facility.

## **RRBs**

The Bank has sponsored three Regional Rural Banks (RRBs) viz. Pandyan Grama Bank in Tamil Nadu, Puri Gramya Bank, and Dhenkanal Gramya Bank in Orissa.

## **Management**

In accordance with the guidelines laid down by the Reserve Bank of India and in conformity with Section 9(3) of the Bank Nationalisation Act, the management of IOB as on date is vested with the Board of Directors comprising the nominees of Finance Ministry. Government of India & Reserve Bank of India, one Chartered Accountant Director, one director each representing the Interest on Agriculture, Officers and Workmen apart from the Chairman and Managing Director and Executive Director.

**BOARD OF DIRECTORS (as on 30.9.2002)**

<b>Sr. No.</b>	<b>Full Name</b>	<b>Address</b>	<b>Other Directorships</b>
1	Shri S C Gupta Chairman & Managing Director	Indian Overseas Bank 763 Anna Salai Chennai 600 002	NIL
2	Shri K Nagappan Workman Director	Indian Overseas Bank Central Clearing Office Chennai	NIL
3	Shri B.Ghosh	Regional Director Reserve Bank of India Chennai	NIL
4	Smt Usha Mathur	Joint Secretary Ministry of Finance Dept of Expenditure Govt of India New Delhi-110001	NIL
5	Shri K.Ananda Kumar	Asst Manager Peters Road Branch Indian Overseas Bank	NIL
6	Shri Himmat Singh Singhvi	Chhabra P.O. Dist Baran Rajasthan Pin 325 220	NIL
7	Shri Prakash Agarwal	B-8 First Floor Gitanjali Enclave New Delhi 110 017	The Delhi Stock Exchange Association Ltd.
8	Shri N.M.Kiwalkar	895, Sadashiv Peth Gadgil Street Pune-411030	NIL

**SHARE HOLDING PATTERN**

Consequent to the Public issue of the Bank, the shareholding pattern as on 25.10.2000 (date of allotment) is as under:

Government of India -75%

Public -25%

## **AUDITORS**

M/s. Padmanabhan Prakash & Co  
Chartered Accountants  
No.5, Smith Road  
11 Floor, North wing  
Chennai 600 002

M/s. Bubber Jindal & Co  
Chartered Accountants  
3072 Pratap Street  
Gola Market (Behind Golcha Cinema)  
Darya Ganj  
New Delhi 110 002

M/s. Bansal & Co  
Chartered Accountants  
E95 Himalaya House  
23 Kasturba Gandhi Marg  
New Delhi 110 001

M/s. Gupta & Co  
Chartered Accountants  
53A Mirza Ghalib Street  
Calcutta 700 016

M/s. Amit Ray & Co  
Chartered Accountants  
5 B, Sardar Patel Marg  
Allahabad-211001

M/s Ved & Co  
Chartered Accountants  
105, Bharat Chambers  
70-71 Scindia House  
Connaught Place  
New Delhi – 110001

## SUMMARY OF FINANCIAL STATEMENTS

(Rs. in crores)

Year Ended/As on 31 <sup>st</sup> March	2000	2001	2002
Income	2770.76	3095.83	3701.48
Expenditure	2582.53	2789.23	3085.12
<b>Operating Profit(pre-provision)</b>	<b>188.23</b>	<b>306.60</b>	<b>616.36</b>
Provisions & Contingencies	147.89	190.67	386.15
<b>Net Profit</b>	<b>40.34</b>	<b>115.93</b>	<b>230.21</b>

As at 31 <sup>st</sup> March	2000	2001	2002
<b>LIABILITIES</b>			
Share Capital	333.60	444.80	444.80
Reserves & Surplus	416.24	487.96	687.83
Deposits	24317.75	27414.16	31808.48
Borrowings	297.06	145.89	150.91
Other Liabilities & Provisions	2256.25	1801.68	2349.10
<b>TOTAL</b>	<b>27620.90</b>	<b>30294.49</b>	<b>35441.12</b>
<b>ASSETS</b>			
Cash & Balances with RBI	2921.71	2340.84	2212.54
Balances with Banks and Money at Call and Short Notice	1767.17	1745.41	1412.08
Investments	10250.46	11770.66	15069.17
Advances	11573.20	13095.51	15162.34
Fixed Assets	291.53	289.97	296.61
Other Assets	816.83	1052.10	1288.38
<b>TOTAL</b>	<b>27620.90</b>	<b>30294.49</b>	<b>35441.12</b>

Contingent Liabilities	4435.18	5091.09	5386.81
------------------------	---------	---------	---------

## ADDRESSES OF ARRANGERS

### A.K.CAPITAL SERVICES LIMITED

ADDRESS	CONTACT PERSON	TELEPHONE NO.	FAX NO.
<b><u>MUMBAI</u></b> 135/136, Free Press House. 13 <sup>th</sup> Floor, Free Press Journal Marg, Nariman Point, Mumbai – 400 021	Mr. Sanjeev Pandey / Mr.Abhishek Bisen / Mr. Vikas Jain / Mr. Sumeet	(022) 2349300	2360977
<b><u>NEW DELHI</u></b> Flat No. 'N', Sagar Apartments, 6, Tilak Marg, New Delhi – 110 001.	Ms. Bobby Singh / Ms. Neetan Singh / Mr. Sarvesh Sharma/ Mr. Ajeet Chauhan	(0100) 3385704, 3382380, 3388235	3385189
<b><u>BANGALORE</u></b> Office No.711, 7 <sup>th</sup> Floor, Brigade Tower, No-135, Brigade Road, Bangalore – 560 025.	Mr. Kishore Sheshadri / Mr. Mohan	(080) 2292770, 2223404 2077119	2292770
<b><u>AHMEDABAD</u></b> 'Navkar' A-905, Premium House, Behind Handloom House, Navrangpura, Ahmedabad – 600 006.	Mr. Jinesh Shah	(079) 6583050, 6580589 6580916	6583173
<b><u>CHENNAI</u></b> 3D, Ali Towers, 22, Greams Road Chennai – 600 006.	Mr. A.George	(044) 8295339, 8293345	8290341
<b><u>KOLKATA</u></b> 3Ei, Shivam Chambers, 3 <sup>rd</sup> Floor, 53 Syed Amir Ali Avenue Kolkata – 700 019.	Mr.Premanshu Sharma	(033) 2813016 2813026	2813016 2813026
<b><u>HYDERABAD</u></b> Room No.119, JBC, Chenoy Trade Centre, 116, Park Lane, S.D.Road, Secunderabad – 500 003.	Mr.Neeraj Khandelwal	(040) 7893184 / 85, 6317798/99	7721048

### STANDARD CHARTERED BANK

Location	Address	Contact Person	STD Code	Telephone No.	Fax No.
<b>Mumbai</b>	Global Markets, 90 M.G.Road, Mumbai – 400 001.	G Ravishankar, Prakash Subramanian, Parvati Somayaji, S Shivakumar	022	2694676 / 2652872	2677770

**CENTRUM FINANCE LIMITED**

<b>Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Fax</b>	<b>E-Mail</b>
Mr.Sameer Dhawan Mr.Ketan Desai Mr. Navin Bangera Mr. Amit Patankar	Eucharistic Congress Bldg III, 10 <sup>th</sup> floor, 5, Convent Street, Colaba, Mumbai – 400 039.	(022) 2023838(10 lines)	(022) 2046096	<a href="mailto:lbd-debt@centrum.co.in">lbd-debt@centrum.co.in</a>
Mr. Sanjay Gupta Mr. Ranjit Kumar	309, Ashoka Estate, 24, Barakhamba Road, Connaught Place, New Delhi – 110 001	(011) 3752617/ 2618 /2892 / 2893	(011) 3752891	<a href="mailto:delhi@centrum.co.in">delhi@centrum.co.in</a>
Mr. Harish Kamat Mr. Santosh D'souza Ms. Pankaja	128, Silverlake Terrace 167, Richmond Road, Bangalore – 560 025	(080) 5582541/ 5585770	(080) 5581669	<a href="mailto:bangalore@centrum.co.in">bangalore@centrum.co.in</a>
Mr. Ramasubramanian Mr. Sathish	Flat No.4, 4 <sup>th</sup> floor, Real Enclave, 22, Jasier Street, Nungambakkam Chennai – 600 034	(044) 8239470	(044) 8233611	<a href="mailto:chennai@centrum.co.in">chennai@centrum.co.in</a>
Mr. Virendra Prajapati Mr. Parag Parekh	1, Navnarayan Complex, Swastik Char Rasta, Off C G Road, Navrangpura, Ahmedabad – 380 009.	(079) 6465694 / 8942	(079) 6567595	<a href="mailto:ahmedabad@centrum.co.in">ahmedabad@centrum.co.in</a>
Mr. Santosh Dani Mr. Harshad Sane	108, Sohrab Hall, 1 <sup>st</sup> floor, Sasson Road, Opp Jehangir Nursing Road, Pune – 411 001	(020) 6059402 / 03 / 04	(020) 6059401	<a href="mailto:pune@centrum.co.in">pune@centrum.co.in</a>
Mr. Sumit Gothi	Flat No.81, 8 <sup>th</sup> floor, Circular Court, Premises No 8, A.J.C. Bose Road, Kolkata – 700 017	(033) 2873682	(033) 2873683	<a href="mailto:kolkata@centrum.co.in">kolkata@centrum.co.in</a>
Mr. K.C.Paul Mr. Venkat Narayan	Shop No.3, Mogul's Court, Bashirabaug, Hyderabad – 500 001	(040) 3299785 / 3230945 / 6629351	(040) 6665377	<a href="mailto:hyderabad@centrum.co.in">hyderabad@centrum.co.in</a>
Mr. Pralhad	GF-11, Bluechip Complex, Sayajigunj Baroda – 390 005.	(0265) 602040		

**ADDRESSES OF BANK BRANCHES FOR ACCEPTING APPLICATION FORMS**

<b>Branch Name</b>	<b>Address</b>	<b>Telephone No.</b>
<b>Nariman Point – Mumbai</b>	Bhaktawar Nariman Point Mumbai – 400 021	A.G.M. – 2040019
<b>Parliament Street – Delhi</b>	Jeevan Deep Building 10, Parliament Street New Delhi – 110 001	C.M. – 3341421
<b>International Business Branch Calcutta</b>	2, Wood Street Calcutta – 700 016	A.G.M – 2478536
<b>C &amp; I C Branch – Chennai</b>	98-A, Dr. Radhakrishnan Salai Mylapore Chennai – 600 004	A.G.M. – 8533676
<b>Hyderabad Main Branch</b>	4-3-389 to 392 Bank Street Sultan Bazar Hyderabad – 500 001	C.M. – 4755324
<b>Bangalore City Branch</b>	Srisailam 7, Main Road Gandhi Nagar Bangalore – 560 009	C.M. - 2950227

## **ANNEXURE A To Information Memorandum for IV Series of Tier II Bonds for Rs 150 Crore**

### **1. Company, Management, and Project**

#### **Company:**

#### **PROFILE OF THE BANK:**

##### **History and Progress**

Indian Overseas Bank (IOB) was founded on February 10, 1937, by Shri.M.Ct.M.Chidambaram Chettiar with the twin objectives of specialising in foreign exchange business and overseas banking. IOB was one of the 14 major banks that were nationalized in 1969. During the year 2000-01 the Bank had successfully launched its maiden Public Issue of Equity shares at par for Rs.111.20 crores.

##### **Branch Network**

IOB has been a pioneer in Foreign exchange business since inception through its operations in Burma (Myanmar), Ceylon (Sri Lanka), Malaya (Malayasia) and Singapore. IOB as at the end of financial year 2001-2002 had 1441 Domestic Branches and 6 Overseas Branches.

#### **SHARE HOLDING PATTERN**

Consequent to the Public issue of the Bank, the shareholding pattern as on

25.10.2000

(date of allotment) is as under:

Government of India -75%

Public -25%

#### **Management**

In accordance with the guidelines laid down by the Reserve Bank of India and in conformity with Section 9(3) of the Bank Nationalisation Act, the management of IOB as on date is vested with the Board of Directors comprising the nominees of Finance Ministry. Government of India & Reserve Bank of India, one Chartered Accountant Director, one director each representing the Interest on Agriculture, Officers and Workmen apart from the Chairman and Managing Director and Executive Director.

**BOARD OF DIRECTORS (as on 30.9.2002)**

<b>Sr. No.</b>	<b>Full Name</b>	<b>Address</b>	<b>Other Directorships</b>
1	Shri S C Gupta Chairman & Managing Director	Indian Overseas Bank 763 Anna Salai Chennai 600 002	NIL
2	Shri K Nagappan Workman Director	Indian Overseas Bank Central Clearing Office Chennai	NIL
3	Shri B.Ghosh	Regional Director Reserve Bank of India Chennai	NIL
4	Smt Usha Mathur	Joint Secretary Ministry of Finance Dept of Expenditure Govt of India New Delhi-110001	NIL
5	Shri K.Ananda Kumar	Asst Manager Peters Road Branch Indian Overseas Bank	NIL
6	Shri Himmat Singh Singhvi	Chhabra P.O. Dist Baran Rajasthan Pin 325 220	NIL
7	Shri Prakash Agarwal	B-8 First Floor Gitanjali Enclave New Delhi 110 017	The Delhi Stock Exchange Association Ltd.
8	Shri N.M.Kiwalkar	895, Sadashiv Peth Gadgil Street Pune-411030	NIL

## **OBJECT OF THE ISSUE**

The funds are being raised for augmenting the Tier II Capital for improving the Capital Adequacy Ratio and for enhancing the long-term resources of the Bank. The Bank has achieved a strong growth in its asset base over the past few years and expects a higher trend growth in future. In order to maintain the growth in its assets as also to meet the resultant Capital Adequacy requirement, the Bank wishes to strengthen its capital base through the current issue of bonds. The bonds would be eligible for inclusion to the Bank's Tier II capital, subject to progressive discount every year during the tenure of the bond as per the prescribed capital adequacy guidelines of Reserve Bank of India.

EARLIER IN 1998-99, 2000-01 and 2001-02, THE BANK HAD SUCCESSFULLY COMPLETED ITS FIRST, SECOND AND THIRD TRANCHES OF PRIVATE PLACEMENT OF UNSECURED, REDEEMABLE SUBORDINATED BONDS AGGREGATING RS.150 CRORES, RS.125 CRORES AND RS.150 CRORES RESPECTIVELY.

### **2.Outstanding litigation's or defaults**

Particulars are not readily available and the same was not included in our Information memorandum issued to investors. There are no default whatsoever nature by the Bank. We submit the details and particulars of outstanding litigation's as on 18<sup>th</sup> August 2003 vide ANNEXURE – B as found in our prospectus dated 21.8.2003 and information memorandum dated 17.2.2004 submitted to your Exchange.

### **3.Disclosure on Investors Grievances and Redressal System**

The investors can contact the Registrars & Transfer Agent to the issue M/s Cameo Corporate Services Ltd., V Floor Subramaniam Building, No.1, Club House Road, Chennai-600002. Phone No.28460390, Fax-28460129, E-mail address: Cameosys@satyam.net.in for sending any complaints regarding transfers, non receipt of interest, TDS certificate etc.,

A Bond transfer committee consisting of 2 GMs 2 DGMs/AGMs, Chief Officer was constituted to attend the work relating to transfer/transmission etc., Consolidation, Split. The committee meets as and when necessary and approves the transfers etc.

The Board has nominated General Manager Funds and Accounts as Compliance Officer for the entire Tier-II Bond issued by the Bank., whose address is furnished here below:

**Shri Sivaram Swamy**  
**General Manager (Funds & Accounts)**  
**Indian Overseas Bank**  
**Head Office: 763 Anna Salai, Chennai-6000 002**  
**Telephone (044) 28419419, Fax (044) 28523372**

**SUMMARY OF FINANCIAL STATEMENTS (Rs. in crores)**

<b>Year Ended/As on 31st March</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Income	2770.76	3095.83	3701.48
Expenditure	2582.53	2789.23	3085.12
<b>Operating Profit(pre-provision)</b>	<b>188.23</b>	<b>306.60</b>	<b>616.36</b>
Provisions & Contingencies	147.89	190.67	386.15
<b>Net Profit</b>	<b>40.34</b>	<b>115.93</b>	<b>230.21</b>

<b>As at 31st March</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>LIABILITIES</b>			
Share Capital	333.60	444.80	444.80
Reserves & Surplus	416.24	487.96	687.83
Deposits	24317.75	27414.16	31808.48
Borrowings	297.06	145.89	150.91
Other Liabilities & Provisions	2256.25	1801.68	2349.10
<b>TOTAL</b>	<b>27620.90</b>	<b>30294.49</b>	<b>35441.12</b>
<b>ASSETS</b>			
Cash & Balances with RBI	2921.71	2340.84	2212.54
Balances with Banks and Money at Call and Short Notice	1767.17	1745.41	1412.08
Investments	10250.46	11770.66	15069.17
Advances	11573.20	13095.51	15162.34
Fixed Assets	291.53	289.97	296.61
Other Assets	816.83	1052.10	1288.38
<b>TOTAL</b>	<b>27620.90</b>	<b>30294.49</b>	<b>35441.12</b>
Contingent Liabilities	4435.18	5091.09	5386.81

**ANNEXURE –B  
OUTSTANDING LITIGATION, DEFAULT AND MATERIAL DEVELOPMENTS-  
POSITION AS ON 18.08.2003**

The litigation in which the Bank and or its subsidiaries and sponsored institutions involved are classified into 3 categories:

1. Cases filed against the bank
2. Cases filed against the Bank's subsidiaries and sponsored institutions
3. Disputed Tax Liabilities

The details of the cases filed against the Bank as on 18.08.2003 and which are outstanding as on date:

There are 611 cases against the Bank with monitory relief amounting to Rs.11.40 crores claimed therein against the Bank. The amount claimed does not exceed Rs.1 Crore, except in 7 cases.

The details of the case where the amount involved is more than Rs. 1 crore is as below:

DETAILS OF THE CASE	REMARKS
Branch: Defence Colony Uttam Singh Duggal & Company: June 1989; Case No. CS 517/91 Claimed amount Rs.171.88 crores	The suit was filed by the borrower to recover damages for non-sanction of additional credit facilities to them. The Bank has also filed recovery suit for Rs.104.14 crores against the borrower on behalf of IOB, Exim Bank and United Bank of India on 01.10.1991. The trial of both these cases before DRT Kolkatta has been ordered. Records have been transferred from High Court to DRT. Kolkatta.
Branch: Malda Kadambini Cycle Industries; August 1996 Case No. M.S. 37/96; Amount Involved: Rs.1.96 crores	The borrower filed counter suit for damages for non-sanction of required credit facilities by the Bank in retaliation to banks recovery suit filed before DRT, Kolkatta on 04.04.1996 for Rs.17.63 lakhs.
Branch:Agartala BD Pipes: November 1997 Case No.: MS 162/97 Amount Involved: Rs.4.00 crores	The suit for damages for non-sanctioning of required credit facilities by the Bank has been filed by the borrower as a counter to the bank's recovery suit for Rs 27.32 lakhs filed in July,1996. The suit is in the stage of arguments.

<p>Branch: Kalbadevi Road, Mumbai Weld Equipment : 09.04.1997 Case No. :1440/91 Claimed Amount: Rs.1.20 crores</p>	<p>Case for excess debits made in the account and certain credits not given in the account during 1976-1986. The Bank has filed W.S in the suit and it is yet to come up for trial.</p>
<p>Branch: Free School Street, Kolkata MB Developers P Ltd. July 1999 Case No. 45/99 Amount Involved: Rs. 1.05 crores.</p>	<p>The party has claimed damages for non-sanctioning of the required credit facility by the bank. The suit is in summons stage. The Bank holds a recovery certificate issued by the DRT, Kolkata for recovery of its loan dues of Rs. 35.62 lakhs.</p>
<p>Case No. 60 Claim from the Custodian Appointed under Special Courts (Torts) Act 1992. Total amount claimed from the Bank Rs. 60 lakhs plus interest from 1991 @ 15% p.a. aggregating Rs.168 lakhs.</p>	<p>Purchase of 11.5% 2009 GOI security for Rs. 50 crores from Canara Bank. Contracted Rs.100.35 Delivery Rate 101.55.Difference Rs.60 Lakhs paid in excess by the Bank was received through Andhra Bank Payment order which is claimed by the custodian but not admitted by the bank. Custodian's claim since dismissed by the Special court, Mumbai..</p>
<p>Case No. 27 Claim from the Custodian Appointed under Special Courts (Torts) Act 1992. Total claimed from the Bank Rs. 50.80 lakhs plus interest from 1991 @ 15% p.a. aggregating Rs. 140 lakhs.</p>	<p>Purchase of 11.5% 2006 GOI security for Rs.20 crores from Canara Bank. Contracted rate Rs.98.51 Delivery Rate 101.05.Difference Rs.50.80 Lakhs paid in excess by the Bank was received thru' Andhra Bank Payment order which is claimed by the custodian. Custodian's claim since dismissed by the Special court, Mumbai.</p>

## 2.Cases filed against the Bank's subsidiaries and sponsored institutions

### Cases Against Bharat Overseas Bank Ltd:

There are 34 cases of claims /suits filed against the bank and the amount involved as on 31.03.2003 is Rs. 12.04 crores. We certify that as per the information provided to us by BOB, only one case is above Rs. 1 crore.

DETAILS OF THE CASE	REMARKS
Transchem Ltd; Suit amount Rs. 10 crores Date of suit: 29.11.1999 Pending before the High Court of Bombay	The company defaulted in repaying the Term Loan Installments and the borrower was advised to regularize the same. The borrower did not regularize the term loan and did not avail the export facilities. The borrower filed a case against the bank in Nov.1999 contending that since the bank did not release the export facilities they suffered the loss and claimed the damages of Rs. 10 crores and the same is pending. The borrower during 2002 approached the consortium banks and offered one time settlement and the same has been approved by the banks also. The NRI investor has to sign an MOU with the borrower and once this is complete a joint memo will be filed before the DRT, Mumbai. One of the terms of the one time settlement is that the claim against the bank would be with drawn

### IOB PROPERTIES PTE LTD, SINGAPORE:

We certify that there are no cases involving Criminal offences, securities related offences, civil offences, statutory and other offences, and other litigations pending against the company as per the information received from them.

### REGIONAL RURAL BANKS

We certify that there are no cases involving Criminal offences, securities related offences, civil offences, statutory and other offences, and other litigations pending against the three RRBs as per the information received from them.

### 3.Disputed Tax Liability:

Income Tax: The aggregate amount of tax involved in all cases filed against the Bank by the IT authorities relating to tax matter is Rs.74.14 crores. The major ground of appeal relates to the assessment years 1971-1972 to 1997-1998. The major ground of appeal relates to taxing/disallowance of appreciation on investments the tax impact of which is estimated at Rs. 71.17 crores.

The appeals mentioned above filed by the IT department against the Bank have been taken up for hearing on various dates and are pending with the IT tribunal at Chennai. Appeals filed by the Income Tax department for the assessment years 1971-1972 to 1979-1980 are pending before the High Court of Chennai for an amount of Rs.0.70 crores which is included in the aggregate amount of Rs. 74.14 crores mentioned above. The Bank is of the view that only a limited liability may arise on this account.

Interest Tax: The aggregate amount of tax involved in all the appeals filed against the Bank by the Income Tax authorities relating to the Interest tax is Rs. 37.71 crores. These appeals relate to assessments 1992-1993 to 1998-1999. The major ground of appeal relates to taxing of interest received on Government securities, the tax impact of which is estimated at Rs. 31.30 crores. The above mentioned appeals filed by the Income Tax department against the Bank have been taken up for hearing on various dates and are pending with the Income Tax Tribunal at Chennai.

Except as mentioned above:

No proceedings have been launched against the Bank for any of the offences under any enactment, irrespective of whether specified in Paragraph 1 of Part I of Schedule XIII to the Companies Act. No such litigation or disputes are pending as on today and there are no defaults or outstanding statutory dues.

There are no pending proceedings initiated for economic offences. There are no penalties imposed by authorities. No disciplinary action/ investigation has been taken by the Securities and Exchange Board of India/Stock Exchange against the Bank and its Directors.

The Bank has not defaulted in meeting statutory dues, Institutional dues and has made all payments/refunds on debentures/fixed deposits. It has not defaulted on dues to holders of other Debt Instruments and Preference Shareholders.

There are no Small-scale undertakings/creditors to which the Bank owes any sum exceeding one lakh where payment is outstanding for a period of more than 30 days.

#### Servicing Behaviour

There has been no default in meeting statutory dues, institutional dues and dues towards payment of interest or principal on due dates to holders of Bonds and Fixed Deposits.

#### AGAINST THE DIRECTORS OF THE BANK

There are no outstanding litigations, disputes or penalties against the Directors of the Bank, including tax liabilities, economic offences, criminal or civil prosecution for any offence, irrespective of whether specified under any enactment in Paragraph 1 of Part I of Schedule XIII, of the Companies Act, 1956 or any other liability in their personal capacities or as Director/Partner/Sole Proprietor in the Company or any other company/firm.

There are no litigations against the Directors involving violation of statutory regulations or criminal offences. No disciplinary action has ever been taken by the Securities and Exchange Board of India or Stock Exchanges and no penalty has been imposed by any authority. There is no suit pending against the Directors in capacity as director or partner or sole proprietor in any other company/firm.

Other than as stated above, there are no disputes/litigations towards tax liabilities or any criminal or civil prosecutions against the Bank for any offence – economic or otherwise. No criminal proceedings have been launched against the Bank under any of the enactment irrespective of whether or not specified in paragraph 1 of part I of Schedule XIII of the Companies Act.

## **Interest of Directors of the Bank**

The Directors of the Bank are interested to the extent of shares held by them and/or by their friends and relatives or which may be subscribed by them and/or allotted to them by the Bank.

The Directors of the Bank are interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee and reimbursement of travelling and other incidental expenses, if any, for such attendance as per the Articles of Association of the Bank.

The Directors of the Bank are not interested in the appointment of or acting as Underwriters, Registrars and Bankers to the Issue or any such intermediary registered with SEBI.

The Directors of the Bank are not interested in any property acquired by the Bank within two years of the date of Prospectus or proposed to be acquired by it.

Save as stated above, no amount or benefit has been paid or given to the Bank's Directors or Officers since its incorporation nor is intended to be paid or given to any Directors or Officers of the Bank except the normal remuneration and/or disbursement for services as Directors, Officers or Employees of the Bank.